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Actuarial Report as at December 31, 2003

Public Service Group Insurance Fund

June, 2004

104-07582/

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1. Actuary's Report

- Purpose

The purpose of this Report is to determine the financial position of the Public Service Group Insurance Fund (Fund) as at December 31, 2003, and review the adequacy of the contributions being paid to the Fund. The Fund is provided for under The Public Servants Insurance Act of Manitoba. The Fund is held in the custody of the Minister of Finance.

The Fund consists of the following Plans:

- Employees' Group Life Insurance Plan (Employees' Plan),
- Accidental Death and Disablement Insurance Plan (AD&D Plan), and
- Dependents' Group Life Insurance Plan (Dependents' Plan).

Each Plan will be reviewed separately in this Report.

The last review of the Plans was performed as at December 31, 2000 (2000 Valuation Report). This Report reviews the further experience that has developed in the 3-year period ending December 31, 2003.

The actuarial valuation contemplates that the Fund and each Plan will continue to exist (going concern). Employees will continue to participate in the Fund upon fulfilment of eligibility requirements, and participating employers will also continue to participate in the Fund. The withdrawal of a group may have an adverse or favourable effect. The calculations contemplate the tax exempt status of the Fund under Section 149 of the Income Tax Act (ITA) continues in the future.

There have been no further Plan amendments and reduction in the contribution rates since those effective July 3, 1999.

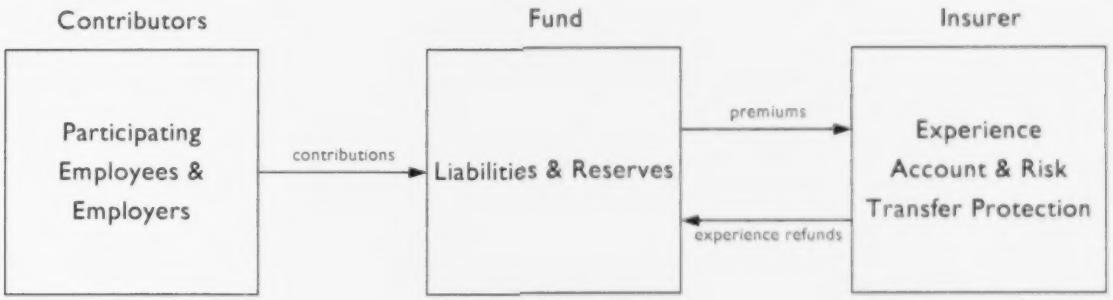
The liabilities for future disabled employees and future retired employees reflects only those active employees who are age 55 or older at the valuation date (eligible to retire). This protects the Fund from abnormal increases in liability due to events such as voluntary early retirement incentive programs. The contribution rate level is sufficient, on average, to provide for active employees younger than age 55 at the valuation date.

The liabilities for existing retired employees and existing disabled employees have been retained due to the ongoing post-retirement and waiver of contribution coverage which continues to be the responsibility of the Fund. These liabilities may only be eliminated if the participating employees or the employers are willing to assume these responsibilities. Similar liabilities would have to be established by a succeeding insurer if the Fund were ever wound-up.

New employees do not require medical evidence to obtain insurance. In addition, claims fluctuations occur on an annual basis. As a result, margins or provisions for adverse deviation have been maintained to offset such experience. Contingency Reserves to provide for possible future adverse deviations, equal to a portion or multiple of next year's expected premiums, have been established on the Valuation Balance Sheets. These reserves provide some assurance that claims fluctuations will not result in an unanticipated contribution rate increase in the near future.

- Operation of the Fund

The Fund is the mechanism by which credits and charges of the Plans are maintained. Contributions are paid into the Fund. Premiums and administrative charges are paid out of the Fund.



The Fund receives contributions for all members except those employees who are disabled or paid-up. These contributions are used to help finance benefits. The Superannuation Board remits the agreed upon premiums to the insurer underwriting the insurance protection.

The rates of contributions paid to the Fund for the Employees' Plan, the AD&D Plan, and the Dependents' Plan are different from the premium rates paid to Canada Life (effective March 2004, the name changed to Great-West Life – from here on reference to Canada Life will be "the Insurer").

The contributions are shared on the basis of the following arrangement:

Insurance	Contribution Sharing		Premium as a % of Contributions
	Employees	Employers	
Employees' Plan *(23.0¢ per $1,000 monthly)*			
- Active employees (generally)			
- Class I, II, III, IV, V (excl. 5th layer)	72.5%	27.5%	86%
- Class V (5th layer only)	100.0	-	
- Disabled employees	-	-	100
- Retired employees *(23.0¢ per $1,000 monthly)*	100.0	-	504
AD&D Plan *(3.43¢ per $1,000 monthly)*	-	100.0	80
Dependents' Plan *(23.2¢ per $1,000 monthly)*	100.0	-	86

The active employees of the Manitoba Liquor Control Commission, Workers' Compensation Board, and the Manitoba Government Employees' Union have different contribution sharing arrangements. These employees represent approximately 4% of all active employees.

- Financial Arrangements with Insurer

The insurance protection is underwritten by the Insurer. Administration of the Policy is handled by the Insurer. For each policy year, a refund or deficit is determined by the Insurer in respect of the experience of each Plan for that year. The net credits (premiums and interest on net cash flow) and debits (claims, charges for catastrophic risk transfer protection, high pooling risk transfer protection, and retention charges) to the experience account for the period under review determine the excess or deficit for the policy year for each Plan. Any excess, which exists as a result of favourable claims experience, is refunded to the policyholder; any deficit is carried forward to the following policy year. Interest is added to any excess from the end of the policy year to the date refund is paid by the Insurer. Interest is charged on any deficit from the end of the policy year to the date the deficit is recovered as a result of a subsequent excess.

All credits and debits are charged to the appropriate part of the Fund.

A waiver of premium reserve was held by the Insurer in respect of waiver of premium claims incurred prior to May 1, 1972. Such reserves are cancelled upon the death, recovery, or attainment of age 65 of an employee, if a reserve was previously established. As at December 31, 2003, there is no further reserve.

No other reserves are set up by the Insurer.

- Certification

At present, there is no method in effect which can be used to amortize an experience shortfall in the Fund, if it appears that such a deficiency is not likely to be eliminated naturally as a result of future experience. The Contingency Reserve provides some protection if such an event occurs.

The Fund should be reviewed no later than 3 years from the date of this Report, if not earlier, to monitor the health of the Fund.

I have conducted this valuation in accordance with accepted actuarial principles.

In my opinion, for the purposes of this Report, the data on which this Report is based is sufficient and reliable; the assumptions and methods which have been used in this Report are, in aggregate, appropriate for the purpose of determining the financial position of the Fund on a going concern basis as at December 31, 2003.

ELLEMENT & ELLEMENT LTD.

Dennis Ellement

Dennis Ellement, F.S.A., F.C.I.A.

Winnipeg, Manitoba.
June 17, 2004

▪ Executive Summary

	Employees' Plan	AD&D Plan	Dependents' Plan
Valuation Balance Sheets			
ASSETS			
Accrued Assets	$ 104,065,291	$ 7,562,844	$ 6,753,009
Asset Adjustment Reserve	(901,400)	-	(74,700)
Allocated Transfer Reserve: 1994	(984,285)	(530,165)	-
Allocated Transfer Reserve: 1999	(6,130,413)	(3,740,064)	-
Allocated Transfer Reserve: 2002	(1,690,911)	(1,899,447)	-
NET ASSETS	$ 94,358,282	$ 1,393,168	$ 6,678,309
LIABILITIES			
Active Employees	$ 36,837,700	$ -	$ 768,900
Retired Employees	29,169,100	-	632,100
Disabled Employees	13,850,300	-	624,400
Cost of Administration Reserve	-	-	-
Contingency Reserve	5,007,900	589,200	1,172,400
TOTAL LIABILITIES	$ 84,865,000	$ 589,200	$ 3,197,800
EXCESS/(SHORTFALL)	$ 9,493,282	$ 803,968	$ 3,480,509
Annual Expected Contributions/Premiums: 2004-2006			
Annual Expected Contributions	$ 12,493,600	$ 647,300	$ 2,819,600
Annual Expected Premiums	12,949,000	540,700	2,136,000
Expected Margin/(Deficiency)	$ (455,400)	$ 106,600	$ 683,600
Margin - as a % of contributions	(3.65)%	16.47 %	24.24 %
Number of Employees Insured	34,785	25,542	16,163
Insured Average Age	51.27	44.65	49.17
Total Coverage	$ 4,598,350,500	$ 1,572,714,500	$ 974,106,000
Average Coverage	$ 132,200	$ 61,600	$ 60,300
Maximum Individual Coverage	min ($1,000,000, 5 x salary)	min ($75,000, 3 x salary)	$60,000 plus $12,000 for each child
Minimum Individual Coverage	$ 3,000	min ($25,000, salary)	one unit of $15,000 or NIL
Monthly Contribution Rate per $1,000	23.0¢	3.43¢	23.2¢

- Summary of Actuarial Assumptions

	2003 Valuation	2000 Valuation
Actuarial Methodology	Liabilities for existing retirees and disableds plus actives ≥ age 55	Liabilities for existing retirees and disableds plus actives ≥ age 55
Asset Valuation Method	Market value less a 5-year smoothing asset adjustment	Market value less a 5-year smoothing asset adjustment
Assumed Rate of Return	6.00% per year	6.00% per year
Mortality Rates		
▫ Employees' Plan Non-Disabled	67% CBG Life 1968-72	67% CBG Life 1968-72
▫ Employees' Plan Disabled	380% CBG Life 1968-72	67% Krieger 1970 Table
▫ AD&D Plan	Experience Rates	Experience Rates
▫ Dependents' Plan	67% CBG Life 1968-72	67% CBG Life 1968-72
Disability Rates (including recovery)	Experience Rates	Experience Rates
Pension Plan Rates		
▫ Annual Rate of Productivity	0.75%	0.50%
▫ Annual Rate of General Salary Increases	3.25%	3.50%
▫ Service, Merit and Promotion	2001 Pension Fund Rates	1998 Pension Fund Rates
▫ Retirement Rates	Age 59	1998 Pension Fund Rates
% of employees electing to continue life insurance protection after retirement	80% of retiring employees	75% of retiring employees
% of active employees having dependent coverage	Males 50% Females 30%	Varies by age and sex
Insurer Retention & Risk Transfer Protection Charges (% of premium)		
▫ Employees' Plan	3.51%	3.76%
▫ AD&D Plan	3.88%	3.88%
▫ Dependents' Plan	2.80%	2.80%
Cost of Administration Reserve	n/a	Next 15 years
Contingency Reserve	3 Standard Deviations	3 Standard Deviations

- Sensitivity Analysis

The sensitivity of the 3 Plans to changes in the assumed valuation rate and mortality rates have been examined, as these are 2 of the more dominant actuarial assumptions.

	Employees' Plan	AD&D Plan	Dependents' Plan
Increase/(Decrease) in excess if assumed rate reduced from 6.00% to 5.50% per year	$2,632,300	$ -	$ 60,800
Increase/(Decrease) in excess if the mortality rates are increased from 67% to 75% of the CBG Life 1968-72	6,624,800	-	427,200

2. Employees' Group Life Insurance Plan

- Valuation Balance Sheet

	December 31, 2003	December 31, 2000
ASSETS		
Fund Assets	$ 118,381,144	$ 99,994,862
Accidental Death and Disablement Plan	(7,562,844)	(5,572,714)
Dependents' Group Life Insurance Plan	(6,753,009)	(4,442,607)
ACCRUED ASSETS	$ 104,065,291	$ 89,979,541
Asset Adjustment Reserve	(901,400)	(45,300)
Allocated Transfer Reserve: 1994	(984,285)	(828,750)
Allocated Transfer Reserve: 1999	(6,130,413)	(5,229,298)
Allocated Transfer Reserve: 2002	(1,690,911)	-
NET ASSETS	$ 94,358,282	$ 83,876,193
LIABILITIES		
Active Employees (≥ Age 55) (2003: 4,120 / 2000: 3,032)		
Future Retired Employee		
▪ Insurance	$ 33,956,000	$ 22,714,600
▪ Insurance: Paid-up amount	2,375,700	1,166,800
▪ Contributions	(6,963,900)	(5,031,500)
Future Disabled Employees		
▪ Insurance - pre age 65	6,034,600	4,173,300
▪ Insurance - post 65	1,491,400	1,031,400
▪ Insurance post age 65: Paid-up Amount	60,400	41,800
▪ Contributions - post age 65	(116,500)	(80,600)
	$ 36,837,700	$ 24,015,800
Disabled Employees (2003: 422 / 2000: 391)		
▪ Insurance - pre age 65	10,754,900	10,368,800
▪ Insurance - post age 65	3,022,400	2,098,600
▪ Insurance - post age 65: Paid-Up amount	164,100	118,000
▪ Contributions - post age 65	(91,100)	(104,400)
	$ 13,850,300	$ 12,481,000
Retired Employees (2003: 8,821 / 2000: 8,191)		
▪ Insurance	$ 23,376,000	$ 24,446,200
▪ Insurance: Paid-Up amount	9,891,700	9,674,400
▪ Contributions	(4,098,600)	(4,583,600)
	$ 29,169,100	$ 29,537,000
Contingency Reserve	5,007,900	4,362,600
Cost of Administration	-	1,497,900
TOTAL LIABILITIES	$ 84,865,000	$ 71,894,300
EXCESS/(SHORTFALL)	$ 9,493,282	$ 11,981,893

▪ Reconciliation of Financial Position: 2001 - 2003

Employees' Group Life Insurance Plan		Excess/ (Shortfall)
Excess/(Shortfall) December 31, 2000		$ 11,981,893
Contributions paid to Group Life Part of Fund		
▪ active employees (23.0¢ per 1,000 per month)	$ 31,644,800	
▪ disabled employees (not applicable)	-	
▪ retired employees (23.0¢ per 1,000 per month)	2,567,900	34,212,700
Premiums paid to Insurer		
▪ active employees (86% of contributions)	(27,214,500)	
▪ disabled employees	(384,300)	
▪ retired employees (504% of contributions)	(12,942,200)	(40,541,000)
Insurer Experience (2001-2003)		
▪ premiums	40,541,000	
▪ death claims	(33,448,700)	
▪ premium taxes (2% of premium)	(692,800)	
▪ claims handling charges (.66% of premium)	(264,500)	
▪ conversion risk transfer (.38% of premium)	(243,800)	
▪ high pooling risk transfer (.39% of premium)	(200,400)	
▪ aggregate stop loss transfer (.005% of premium)	(700)	
▪ catastrophic risk transfer (.07% of premium)	(23,800)	5,666,300
Net Investment Income (2001 - 2003)		
▪ expected investment income @ 6.00% per year	17,785,350	
▪ excess market investment income gain/(loss)	(2,172,300)	
▪ investment management fee (.13% of assets)	(415,600)	
▪ cost of Administration (.14% of assets)	(449,700)	
▪ asset adjustment reserve change	(856,100)	13,891,650
Assumptions & Methodology		
▪ active employees liability	(12,821,900)	
▪ disabled employees liability	(1,369,300)	
▪ retired employees liability	367,900	
▪ Cost of Administration Reserve	1,497,900	
▪ Contingency Reserve	(645,300)	(12,970,700) *
Allocated Transfers		
▪ allocated transfer amounts: 1994 (includes interest post-31-Dec-1997)	(155,535)	
▪ allocated transfer amounts: 1999 (includes interest post-30-Apr-1999)	(901,115)	
▪ allocated transfer amounts: 2002 (includes interest post-30-Apr-2002)	(1,690,911)	(2,747,561)
Excess/(Shortfall) December 31, 2003		$ 9,493,282

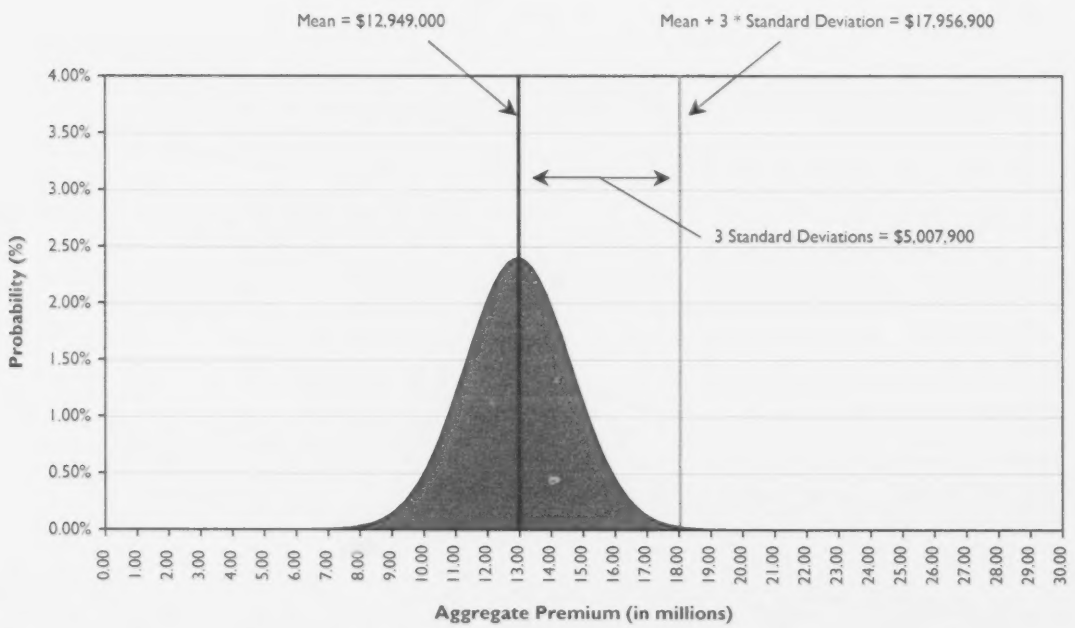
* The effect of increasing the proportion electing post-retirement insurance from 75% to 80%, offset in part by the reduction in inflation from 2.75% to 2.50% per year, and the elimination of the explicit provision for administration expenses was equal to a $225,000 increase in liabilities.

▪ Break-Even Contribution Rate: 2004 - 2006

Employees' Group Life Insurance Plan		Expected 2004 Annual Cash Flow	Expected Monthly ¢/1,000	Actual * 2003 Annual Cash Flow	Actual * 2002 Annual Cash Flow	Actual * 2001 Annual Cash Flow
Annual Contributions						
▪ Actives (25,542 with coverage of $4,202,566,200)		$ 11,599,000	23.0	$ 10,927,300	$ 10,176,100	$ 9,444,800
▪ Disableds (422 with coverage of $55,589,000)		-	-	-	-	-
▪ Retireds (3,461 with coverage of $324,115,300)		894,600	23.0	849,700	786,300	743,500
▪ Paid-Ups (5,360 with coverage of $16,080,000)		-	-	-	-	-
▪ Total (34,785 with coverage of $4,598,350,500)	Mean Contribution	$ 12,493,600	22.6	$ 11,777,000	$ 10,962,400	$ 10,188,300
Annual Premiums (expected based on 45% CBG Life 1968-72 "break-even" mortality)						
▪ Death Claims (Active, Pensioner, Paid-up, and Disableds)		$ 12,395,100	24.8	$ 12,195,700	$ 8,826,900	$ 10,454,200
▪ Premium Taxes (2% of premium)		259,000	2.0	273,100	254,300	237,400
▪ Claims Handling Charges (.66% of premium)		85,500	0.7	90,100	83,900	78,300
▪ Conversion Risk Transfer (.38% of premium)		49,200	0.4	80,600	76,400	86,700
▪ High Pooling Risk Transfer (.39% of premium)		50,500	0.4	53,300	82,600	77,200
▪ Aggregate Stop Loss Transfer (.005% of premium)		600	0.0	700	-	-
▪ Catastrophic Risk Transfer (.07% of premium)		9,100	0.1	7,200	7,200	7,200
	Mean Premium	$ 12,949,000	23.5	$ 12,700,700	$ 9,331,300	$ 10,941,000
Annual Expected Margin/(Deficiency)		$ (455,400)	(0.9)	$ (923,700)	$ 1,631,100	$ (752,700)

*Actual is based on April 30 policy year-ends.

Based on a normal distribution, it is likely that 99.86% of the time the expected annual premium will be less than $17,956,900 (i.e. to the left of the red line set at the mean + 3 standard deviations). Based on this consideration, a claims fluctuation or contingency reserve equal to 3 standard deviations, or $5,007,900, has been established on the Valuation Balance Sheet.



3. Accidental Death and Disablement Insurance Plan

- Valuation Balance Sheet

	December 31, 2003	December 31, 2000
ASSETS		
Accidental Death and Disablement Plan	$ 7,562,844	$ 5,572,714
Asset Adjustment Reserve	-	-
Allocated Transfer Reserve: 1994	(530,165)	(405,418)
Allocated Transfer Reserve: 1999	(3,740,064)	(3,190,311)
Allocated Transfer Reserve: 2002	(1,899,447)	-
NET ASSETS	$ 1,393,168	$ 1,976,985
LIABILITIES		
Value of Transfers to Group Life Insurance Plan	$ -	$ -
Cost of Administration Reserve	-	76,500
Contingency Reserve	589,200	568,800
Special Reserve	-	-
TOTAL LIABILITIES	$ 589,200	$ 645,300
EXCESS/(SHORTFALL)	$ 803,968	$ 1,331,685

AD&D Insurance ceases on retirement, disablement, and termination of employment. As a result, no liabilities exist in these situations. Further, prior to retirement, the AD&D contribution rate is, on average, adequate to provide for the insurance protection.

▪ Reconciliation of Financial Position: 2001 - 2003

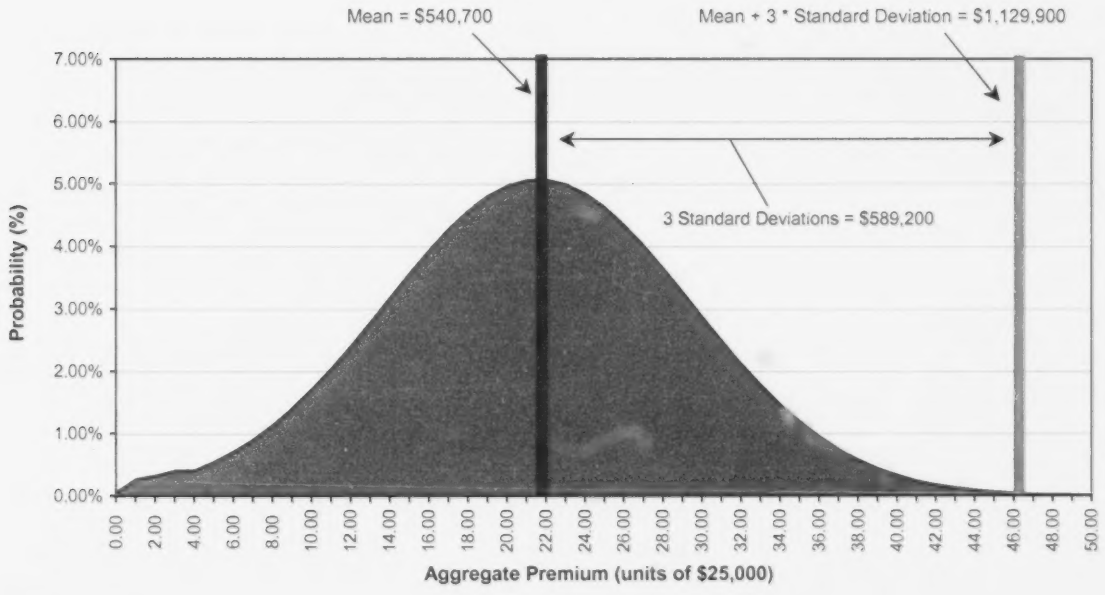
Accidental Death and Disablement Insurance Plan		Excess/ (Shortfall)
Excess/(Shortfall) December 31, 2000		$ 1,331,685
Contributions paid to AD&D Part of Fund		
▪ active employees (3.43¢ per $1,000 per month)	$ 1,897,000	
▪ disabled employees (not applicable)	-	
▪ retired employees (not applicable)	-	1,897,000
Premiums paid to Insurer		
▪ active employees (80% of contributions)	(1,517,600)	
▪ disabled employees (not applicable)	-	
▪ retired employees (not applicable)	-	(1,517,600)
Insurer Experience (2001-2003)		
▪ premiums	1,517,600	
▪ death claims	(575,400)	
▪ premium taxes (2% of premium)	(12,000)	
▪ claims handling charges (.66% of premium)	(10,900)	
▪ conversion risk transfer (not applicable)	(2,800)	
▪ high pooling risk transfer (not applicable)	-	
▪ aggregate stop-loss transfer (not applicable)	-	
▪ catastrophic risk transfer (1.22% of premium)	(19,500)	897,000
Net Investment Income (2001 - 2003)		
▪ expected investment income @ 6.00% per year	1,250,130	
▪ excess market investment income gain/(loss)	(496,000)	
▪ investment management fee (.09% of assets)	(19,400)	
▪ cost of Administration (.09% of assets)	(21,000)	
▪ asset adjustment reserve change	-	713,730
Assumptions & Methodology		
▪ active employees liability (not applicable)	-	
▪ disabled employees liability (not applicable)	-	
▪ retired employees liability (not applicable)	-	
▪ Cost of Administration Reserve	76,500	
▪ Contingency Reserve	(20,400)	56,100
Allocated Transfers		
▪ allocated transfer amounts: 1994 (includes interest post-31-Dec-1997)	(124,747)	
▪ allocated transfer amounts: 1999 (includes interest post-30-Apr-1999)	(549,753)	
▪ allocated transfer amounts: 2002 (includes interest post-30-Apr-2002)	(1,899,447)	(2,573,947)
Excess/(Shortfall) December 31, 2003		$ 803,968

▪ Break-Even Contribution Rate: 2004 – 2006

Accidental Death and Disablement Insurance Plan		Expected 2004 Annual Cash Flow	Expected 2004 Monthly ¢/1,000	Actual * 2003 Annual Cash Flow	Actual * 2002 Annual Cash Flow	Actual * 2001 Annual Cash Flow
Annual Contributions						
▪ Actives (25,542 with coverage of $1,572,714,500)		$ 647,300	3.43	$ 643,100	$ 622,700	$ 601,700
▪ Disableds (AD&D not applicable)		-	-	-	-	-
▪ Retireds (AD&D not applicable)		-	-	-	-	-
▪ Paid-Ups (AD&D not applicable)		-	-	-	-	-
▪ Total (25,542 with coverage of $1,572,714,500)	Mean Contribution	$ 647,300	3.43	$ 643,100	$ 622,700	$ 601,700
Annual Premiums (expected based on Fund experience rates)						
▪ Death Claims (Active, (Pensioner, Paid-up, and Disableds - AD&D not applicable))		$ 519,700	2.75	$ 62,500	$ 338,800	$ 150,000
▪ Premium Taxes (2% of premium)		10,800	0.02	1,300	7,100	3,100
▪ Claims Handling Charges (.66% of premium)		3,600	0.01	4,700	5,000	3,900
▪ Conversion Risk Transfer (not applicable)		-	-	-	-	-
▪ High Pooling Risk Transfer (not applicable)		-	-	-	-	-
▪ Aggregate Stop-Loss Transfer (not applicable)		-	-	-	-	-
▪ Catastrophic Risk Transfer (1.22% of premium)		6,600	0.01	5,900	5,900	5,900
	Mean Premium	$ 540,700	2.87	$ 74,400	$ 356,800	$ 162,900
Annual Expected Margin/(Deficiency)		$ 106,600	0.56	$ 568,700	$ 265,900	$ 438,800

*Actual is based on April 30 policy year-ends.

Based on a normal distribution, it is likely that 99.86% of the time the expected annual premium will be less than $1,129,900 (i.e. to the left of the red line set at the mean + 3 standard deviations). Based on this consideration, a claims fluctuation or contingency reserve equal to 3 standard deviations, or $589,200, has been established on the Valuation Balance Sheet.



4. Dependents' Group Life Insurance Plan

- Valuation Balance Sheet

	December 31, 2003	December 31, 2000
ASSETS		
Dependents' Group Life Insurance Plan	$ 6,753,009	$ 4,442,607
Asset Adjustment Reserve	(74,700)	-
NET ASSETS	$ 6,678,309	$ 4,442,607
LIABILITIES		
Active Employees (≥ Age 55) (2003: 4,120 / 2000: 3,032)		
▪ Insurance	$ 1,635,600	$ 1,040,300
▪ Contributions	(866,700)	(654,700)
	$ 768,900	$ 385,600
Disabled Employees (2003: 239 / 2000: 231)		
▪ Insurance	$ 675,600	$ 505,000
▪ Contribution - post age 65	(51,200)	(51,000)
	$ 624,400	$ 454,000
Retired Employees (2003: 2,382 / 2000: 2,001)		
▪ Insurance	$ 1,616,100	$ 1,798,800
▪ Contributions	(984,000)	(1,235,700)
	$ 632,100	$ 563,100
Cost of Administration	-	127,800
Contingency Reserve	1,172,400	848,700
TOTAL LIABILITIES	$ 3,197,800	$ 2,379,200
EXCESS/(SHORTFALL)	$ 3,480,509	$ 2,063,407

Reconciliation of Financial Position: 2001 - 2003

Dependents' Group Life Insurance Plan		Excess/ (Shortfall)
Excess/(Shortfall) December 31, 2000		$ 2,063,407
Contributions paid to Dependents' Part of Fund		
• active employees (23.2¢ per $1,000 per month)	$ 5,327,500	
• disabled employees	-	
• retired employees (23.2¢ per $1,000 per month)	726,300	6,053,800
Premiums paid to Insurer		
• active employees (86% of contributions)	(4,581,700)	
• disabled employees (not applicable)	-	
• retired employees (86% of contributions)	(624,600)	(5,206,300)
Insurer Experience (2001-2003)		
• premiums	5,206,300	
• death claims	(4,408,800)	
• premium taxes (2% of premium)	(97,100)	
• claims handling charges (.66% of premium)	(44,400)	
• conversion risk transfer (.14% of premium)	(19,900)	
• high pooling risk transfer (not applicable)	-	
• aggregate stop-loss (not applicable)	-	
• catastrophic risk transfer (not applicable)	-	636,100
Net Investment Income (2001 - 2003)		
• expected investment income @ 6.00% per year	961,302	
• excess market investment income gain/(loss)	(84,800)	
• investment management fee (.11% of assets)	(23,300)	
• cost of Administration (.13% of assets)	(26,400)	
• asset adjustment reserve change	(74,700)	752,102
Assumptions & Methodology		
• active employees liability	(383,300)	
• disabled employees liability	(170,400)	
• retired employees liability	(69,000)	
• Cost of Administration Reserve	127,800	
• Contingency Reserve	(323,700)	(818,600) *
Allocated Transfers		
• allocated transfer amounts: 1994 (includes interest post-31-Dec-1997)	-	
• allocated transfer amounts: 1999 (includes interest post-30-Apr-1999)	-	
• allocated transfer amounts: 2002 (includes interest post-30-Apr-2002)	-	-
Excess/(Shortfall) December 31, 2003		$ 3,480,509

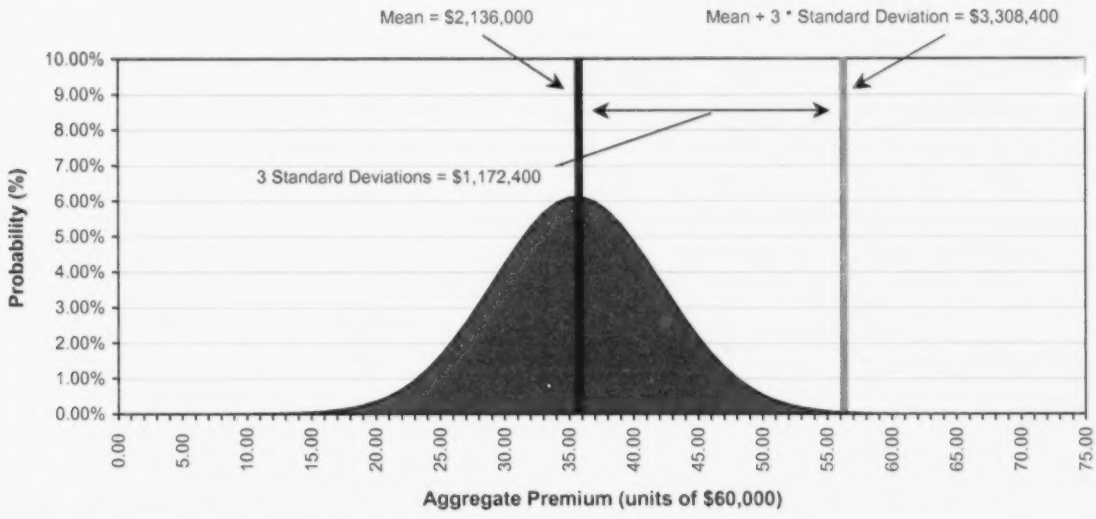
* The effect of increasing the proportion electing post-retirement insurance from 75% to 80%, and the elimination of the explicit provision for administration expenses was equal to a decrease of $35,300.

▪ Break-Even Contribution Rate: 2004 - 2006

Dependents' Group Life Insurance Plan		Expected 2004 Annual Cash Flow	Expected 2004 Monthly ¢/1,000	Actual * 2003 Annual Cash Flow	Actual * 2002 Annual Cash Flow	Actual * 2001 Annual Cash Flow
Annual Contributions						
• Actives (13,542 with coverage of $911,757,000)		$2,538,300	23.20	$1,811,300	$1,758,700	$1,730,700
• Disableds (239 with coverage of $11,832,000)		-	-	-	-	-
• Retireds (2,382 with coverage of $50,517,000)		281,300	23.20	242,300	222,700	208,800
• Paid-Ups (not applicable)		-	-	-	-	-
• Total (16,163 with coverage of $974,106,000)	Mean Contribution	$2,819,600	24.10	$2,053,600	$1,981,400	$1,939,500
Annual Premiums (expected based on 45% of CBG Life 1968-72 "break-even" mortality)						
• Death Claims (Active, Pensioner, Disableds, (Paid-Up - not applicable)		$2,076,200	18.98	$ 997,500	$1,542,000	$2,082,500
• Premium Taxes (2% of premium)		42,700	2.00	20,800	31,800	43,100
• Claims Handling Charges (.66% of premium)		14,100	0.66	13,100	13,200	17,700
• Conversion Risk Transfer (.14% of premium)		3,000	0.14	17,600	2,300	-
• High Pooling Risk Transfer (not applicable)		-	-	-	-	-
• Aggregate Stop-Loss Transfer (not applicable)		-	-	-	-	-
• Catastrophic Risk Transfer (not applicable)		-	-	-	-	-
	Mean Premium	$2,136,000	18.65	$1,049,000	$1,589,300	$2,143,300
Annual Expected Margin/(Deficiency)		$ 683,600	5.59	$1,004,600	$ 392,100	$ (203,800)

*Actual is based on April 30 policy year-ends.

Based on a normal distribution, it is likely that 99.86% of the time the expected annual premium will be less than $3,308,400 (i.e. to the left of the red line set at the mean + 3 standard deviations). Based on this consideration, a claims fluctuation or contingency reserve equal to 3 standard deviations, or $1,172,400, has been established on the Valuation Balance Sheet.



5. Financial Data

- Asset Mix

	2003		2000	
Assets				
Cash/receivables/payables	$ 3,163,593	2.67%	$ 3,137,930	3.14%
Bonds - short-term	13,160,675	11.12%	15,632,288	15.63%
Bonds - long-term	47,863,900	40.43%	39,386,488	39.39%
Canadian Equity	30,851,674	26.06%	22,831,626	22.83%
U.S. Equity	13,085,745	11.05%	12,779,161	12.78%
Int'l Equity	10,255,557	8.67%	6,227,369	6.23%
	$ 118,381,144	100.00%	$99,994,862	100.00%
Liabilities				
Employees' Group Life Insurance Plan	$ 104,065,291	87.91%	$89,979,541	89.99%
AD&D Insurance Plan	7,562,844	6.39%	5,572,714	5.57%
Dependents' Group Life Insurance Plan	6,753,009	5.70%	4,442,607	4.44%
	$ 118,381,144	100.00%	$99,994,862	100.00%

- Reconciliation of Assets: 2001 - 2003

	Employees' Plan	AD&D Plan	Dependents' Plan	Total
Assets as at December 31, 2000	$ 89,979,541	$5,572,714	$4,442,607	$ 99,994,862
Contributions	34,212,639	1,897,044	6,053,807	42,163,490
Benefit payments	(33,448,726)	(575,434)	(4,408,833)	(38,432,993)
Insurer Charges (including premium taxes)	(1,426,028)	(45,221)	(161,386)	(1,632,635)
Expenses (administration and other)	(449,747)	(20,974)	(26,488)	(497,209)
Net investment income	15,197,612	734,715	853,302	16,785,629
Assets as at December 31, 2003	$ 104,065,291	$7,562,844	$6,753,009	$ 118,381,144
Net Average Rate of Return (annualized)	5.37%	3.80%	5.22%	

- Asset Adjustment Reserve: 5-Year Market Smoothing

Policy Year Ended April 30	Net Realized and Unrealized Income	Net Rate of Return		Excess Income	Proportion	Amount
		Market	Assumed			
			EMPLOYEES' PLAN			
1999	$ 4,953,520	5.89%	6.00%	$ (92,511)	0%	$ -
2000	3,909,551	4.78%	6.00%	(997,835)	7%	(69,800)
2001	4,134,334	4.85%	6.00%	(980,306)	27%	(264,700)
2002	3,878,765	4.33%	6.00%	(1,495,967)	47%	(703,100)
2003	(1,906,306)	(2.03%)	6.00%	(7,540,708)	67%	(5,052,300)
2003 (8 mos)	12,399,504	13.55%	4.00%	8,739,134	80%	6,991,300
Asset Adjustment Reserve as at December 31, 2003 (NIL if negative)						$ 901,400
			AD&D PLAN			
1999	$ 163,839	3.79%	6.00%	$ (95,537)	0%	$ -
2000	177,678	3.71%	6.00%	(109,672)	7%	(7,700)
2001	181,732	3.37%	6.00%	(141,826)	27%	(38,300)
2002	172,132	2.94%	6.00%	(179,158)	47%	(84,200)
2003	(90,640)	(1.41%)	6.00%	(476,342)	67%	(319,100)
2003 (8 mos)	613,346	9.03%	4.00%	341,653	80%	273,300
Asset Adjustment Reserve as at December 31, 2003 (NIL if negative)						NIL
			DEPENDENTS' PLAN			
1999	$ 146,681	4.26%	6.00%	$ (59,912)	0%	$ -
2000	171,298	4.54%	6.00%	(55,087)	7%	(3,900)
2001	180,849	4.44%	6.00%	(63,542)	27%	(17,200)
2002	196,874	4.54%	6.00%	(63,312)	47%	(29,800)
2003	(114,555)	(2.19%)	6.00%	(428,404)	67%	(287,000)
2003 (8 mos)	748,100	12.88%	4.00%	515,771	80%	412,600
Asset Adjustment Reserve as at December 31, 2003 (NIL if negative)						$ 74,700

Allocated Transfer Reserves

		Remaining 1994 Amounts as at December 31, 2003			Excess 1999 Amounts as at December 31, 2003			Excess 2002 Amounts as at December 31, 2003		
Participating Employer	**Code**	**Group Life Portion**	**AD&D Portion**	**Total**	**Group Life Portion**	**AD&D Portion**	**Total**	**Group Life Portion**	**AD&D Portion**	**Total**
Manitoba Agricultural Credit Corporation	AC	$ 16,100	$ 19,154	$ 35,254	$ 18,582	$ 11,337	$ 29,919	$ 5,274	$ 5,925	$ 11,199
Assiniboine Community College	ACC	-	-	-	9,209	5,619	14,828	13,359	15,006	28,365
Addictions Foundation of Manitoba	AF/AFD	80,641	96,047	176,688	52,109	31,790	83,899	15,895	17,854	33,749
Manitoba Public Insurance Corporation	AI/AIE	-	-	-	259,929	158,578	418,507	74,400	83,575	157,975
Manitoba Beef Commission	BC			-			-			-
Manitoba Chicken Producer Board	CB			-			-	169	190	359
Manitoba Centennial Centre Corporation	CC	29,841	35,532	65,373	16,552	10,098	26,650	4,059	4,558	8,617
Communities Economic Development	CE			-	3,679	2,244	5,923	1,184	1,330	2,514
Manitoba Crop Insurance Corporation	CI/CIC	22,069	26,371	48,440	9,809	5,983	15,792	2,874	3,229	6,103
Crown Corporations Council	CR	4,442	5,274	9,716	1,839	1,122	2,961	507	570	1,077
Province of Manitoba Civil Service	CS/LTD	456,781	(98,456)	358,325	3,932,576	2,399,202	6,331,778	977,381	1,097,920	2,075,301
Manitoba Development Corporation	DFP			-			-			-
Manitoba Data Services	DS			-			-			-
Manitoba Government Employees' Union	EA	752	900	1,652	22,069	13,464	35,533	6,595	7,408	14,003
National Agri-Food Technology Centre	FD			-	6,000	3,661	9,661	1,522	1,709	3,231
Manitoba Gaming Control Commission	GC			-	5,554	3,388	8,942	1,177	1,323	2,500
Manitoba Housing Authority	HA/HAD	64,124	76,477	140,601	54,561	33,286	87,847	14,203	15,956	30,159
Manitoba Pork Est.	HM	9,993	11,798	21,791	7,356	4,489	11,845	1,251	1,407	2,658
Manitoba Hazardous Waste Management Corporation	HW			-	614	374	988	169	190	359
Industrial Technology Centre	IT			-	11,888	7,253	19,141	2,793	3,137	5,930
Province of Manitoba Judges	JU			-			-			-
Keewatin Community College	KCC			-	3,767	2,298	6,065	12,513	14,056	26,569
The Legal Aid Services Society of Manitoba	LA	44,554	53,159	97,713	44,971	27,437	72,408	12,174	13,676	25,850
Liquor Control Commission	LC	57,509	68,518	126,027	107,895	65,825	173,720	29,422	33,050	62,472
Manitoba Lotteries Corporation	LF	-	-	-	22,683	13,838	36,521	4,397	4,939	9,336
Local Government Districts	LG	1,110	1,249	2,359			-			-
Manitoba Arts Council	MA			-			-			-
Manitoba Milk Producers of Manitoba	MC	7,773	9,161	16,934	4,291	2,619	6,910	846	949	1,795
Manitoba Hydro-Electric Board	MH/MHD	-	-	-	1,274,510	777,559	2,052,069	359,488	403,823	763,311
Manitoba Minerals	MM			-			-			-
Money Purchase Plan	MPP			-			-			-
Economic Innovation and Technology Council	MR	40,806	48,718	89,524	2,115	1,290	3,405	130	146	276
Manitoba Pork Council	PC			-			-	609	683	1,292
Regional Health Authority - Brandon	RBH			-	-	-	-	14,541	16,335	30,876
Regional Health Authority - Burntwood	RBW			-	1,675	1,022	2,697	1,690	1,900	3,590
Manitoba Horse Racing Commission	RC	2,221	2,637	4,858	614	374	988	169	190	359
Regional Health Authority - Central	RCA			-			-	7,440	8,357	15,797
Red River College	RCC			-	108,413	66,141	174,554	48,022	53,945	101,967
Regional Health Authority-Prior	RHAS			-			-			-
Regional Health Authority - Interlake	RIL			-	5,441	3,320	8,761	5,749	6,458	12,207
Regional Health Authority - Marquette	RMQ			-	5,023	3,065	8,088	3,382	3,799	7,181
Regional Health Authority - North Eastman	RNE			-	2,930	1,787	4,717	2,198	2,469	4,667
Regional Health Authority - Nor-Man (Flin Flon)	RNF			-			-			-
Regional Health Authority - Nor-Man (The Pas)	RNM			-	3,767	2,298	6,065	2,198	2,469	4,667
Regional Health Authority - Parklands	RPL			-	12,139	7,406	19,545	5,918	6,648	12,566
Regional Health Authority - South Eastman	RSE			-	2,512	1,532	4,044	2,367	2,660	5,027
Regional Health Authority - South Westman	RSW			-	3,767	2,298	6,065	3,551	3,988	7,539
Regional Health Authority - Winnipeg	RWA			-			-	16,402	18,424	34,826
Civil Service Superannuation Board	SB	803	962	1,765	10,422	6,358	16,780	3,382	3,799	7,181
Sport Manitoba	SM			-			-			-
Manitoba Turkey Producers' Marketing Board	TB	2,221	2,637	4,858	1,226	747	1,973	169	190	359
Teachers' Retirement Allowances Fund Board	TR	10,965	13,325	24,290	6,744	4,114	10,858	2,198	2,469	4,667
The Council for Post-Secondary Education	UG	2,360	2,776	5,136	5,517	3,366	8,883	906	1,018	1,924
Venture Manitoba Tours Ltd.	VT			-	1,226	747	1,973	338	379	717
Workers' Compensation Board	WC	129,220	153,926	283,146	86,439	52,735	139,174	27,900	31,341	59,241
WECO	WEC			-			-			-
Manitoba Water Services Board	WS			-			-			-
Grand Total		$ 984,285	$ 530,165	$1,514,450	$ 6,130,413	$ 3,740,064	$ 9,870,477	$ 1,690,911	$ 1,899,447	$ 3,590,358

Interest is now credited post-1997 at the Employees' Plan Fund rate of return to unpaid allocated transfer reserves.

6. Membership Data

▪ Employees/Employer Profile

• **Active Employees**

	Participating Employer	Employer Code	Employees' Plan Males	Employees' Plan Females	Employees' Plan Total	Pension Fund Total
1	Manitoba Agricultural Credit Corporation	AC	34	32	66	65
2	Assiniboine Community College	ACC	128	158	286	282
3	Addictions Foundation of Manitoba	AF/AFD	78	177	255	262
4	Manitoba Public Insurance Corporation	AI/AIE	654	719	1,373	1,383
5	Manitoba Beef Commission	BC	-	-	-	-
6	Manitoba Chicken Producer Board	CB	1	4	5	5
7	Manitoba Centennial Centre Corporation	CC	39	14	53	53
8	Communities Economic Development	CE	11	6	17	17
9	Manitoba Crop Insurance Corporation	CI/CIC	167	76	243	247
10	Crown Corporations Council	CR	2	3	5	5
11	Province of Manitoba Civil Service	CS/LTD	6,884	7,032	13,916	14,062
12	Manitoba Development Corporation	DFP	-	-	-	-
13	Manitoba Data Services	DS	-	-	-	-
14	Manitoba Government Employees' Union	EA	25	35	60	61
15	National Agri-food Technology Centre	FD	7	10	17	17
16	Manitoba Gaming Control Commission	GC	8	4	12	12
17	Manitoba Housing Authority	HA/HAD	176	122	298	303
18	Manitoba Pork Est.	HM	11	11	22	22
19	Manitoba Hazardous Waste Management Corporation	HW	1	-	1	1
20	Industrial Technology Centre	IT	16	6	22	27
21	Province of Manitoba Judges	JU	25	13	38	38
22	Keewatin Community College	KCC	91	134	225	227
23	The Legal Aid Services Society of Manitoba	LA	43	90	133	136
24	Liquor Control Commission	LC	277	234	511	506
25	Manitoba Lotteries Corporation	LF	15	16	31	32
26	Local Government Districts	LG	-	-	-	-
27	Manitoba Arts Council	MA	-	7	7	8
28	Manitoba Milk Producers of Manitoba	MC	7	16	23	23
29	Manitoba Floodway Authority	MFA	1	1	2	-
30	Manitoba Hydro-Electric Board	MH/MHD	3,856	1,217	5,073	5,092
31	Manitoba Minerals	MM	-	-	-	-
32	Money Purchase Plan	MPP	-	-	-	-
33	Economic Innovation and Technology Council	MR	-	-	-	-
34	Manitoba Pork Council	PC	7	7	14	15
35	Regional Health Authority - Brandon	RBH	71	213	284	284
36	Regional Health Authority - Burntwood	RBW	1	17	18	23
37	Manitoba Horse Racing Commission	RC	2	2	4	4
38	Regional Health Authority - Central	RCA	26	104	130	131
39	Red River College	RCC	486	522	1,008	1,020
40	Regional Health Authority - Prior	RHAS	-	-	-	-
41	Regional Health Authority - Assiniboine	ARH	14	98	112	112
42	Regional Health Authority - Interlake	RIL	9	80	89	90
43	Regional Health Authority - North Eastman	RNE	4	29	33	33
44	Regional Health Authority - Nor-Man (Flin Flon)	RNF	-	-	-	-
45	Regional Health Authority - Nor-Man (The Pas)	RNM	1	33	34	34
46	Regional Health Authority - Parklands	RPL	19	76	95	96
47	Regional Health Authority - South Eastman	RSE	4	28	32	32
48	Regional Health Authority - Winnipeg	RWA	26	239	265	271
49	Civil Service Superannuation Board	SB	21	24	45	45
50	Sport Manitoba	SM	4	2	6	7
51	Manitoba Turkey Producers' Marketing Board	TB	-	3	3	3
52	Teachers' Retirement Allocances Fund Board	TR	7	23	30	31
53	Teachers' Retirement Disability	TRD	-	-	-	1
54	The Council for Post-Secondary Education	UG	2	9	11	11
55	Venture Manitoba Tours Ltd.	VT	7	-	7	7
56	Workers' Compensation Board	WC	-	-	-	-
57	WECO	WEC	-	-	-	-
58	Manitoba Water Services Board	WS	-	-	-	-
	Grand Total		13,268	11,646	24,914	25,136
	Active Employees not participating in the Civil Service Superannuation Fund (Pension Fund)		242	386	628	-
			13,510	12,032	25,542	25,136
	• **Other Participants**					
	- Deferred Pension Accounts	DA	-	-	-	2,631
	- LTD Recipients	LTD	-	-	-	172
	- Manitoba Reciprocal Agreements	RM	-	-	-	189
	- Pending Reciprocal Agreements	RA	-	-	-	4
			-	-	-	2,996
			13,510	12,032	25,542	28,132
	• **Pensions in Payment**					
	- Disabled Employees (includes some LTD Waivers)		195	227	422	-
	- Retireds		5,679	2,877	8,556	10,386
	- Retireds not participating in the Pension Fund		192	73	265	-
	- Survivors		-	-	-	2,129
	Grand Total		19,576	15,209	34,785	40,647

▪ Coverage Statistics & Average Actuarial Factors

Employees Group Life - 31.12.2003

	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives ≥ 55	4,120	58.08	804,003,200	195,100	36,837,700	0.0458
Actives < 55	21,422	42.07	3,398,563,000	158,600	-	0.0000
Disableds	422	55.34	55,589,000	131,700	13,850,300	0.2492
Retireds	8,821	70.28	340,195,300	38,600	29,169,100	0.0857
Total	34,785	51.28	4,598,350,500	132,200	79,857,100	-

Employees Group Life - 31.12.2000

	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives ≥ 55	3,032	58.32	536,927,800	177,100	24,015,800	0.0447
Actives < 55	20,977	41.89	3,044,843,000	145,200	-	-
Disableds	391	54.64	50,585,000	129,400	12,481,000	0.2467
Retireds	8,191	69.13	322,470,600	39,400	29,537,000	0.0915
Total	32,591	50.42	3,954,826,400	121,300	66,033,800	-

AD&D Plan - 31.12.2003

	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives	25,542	44.65	1,572,714,500	61,600	-	-

AD&D Plan - 31.12.2000

	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives	24,009	43.97	1,481,318,400	61,700	-	-

Dependents' Group Life - 31.12.2003

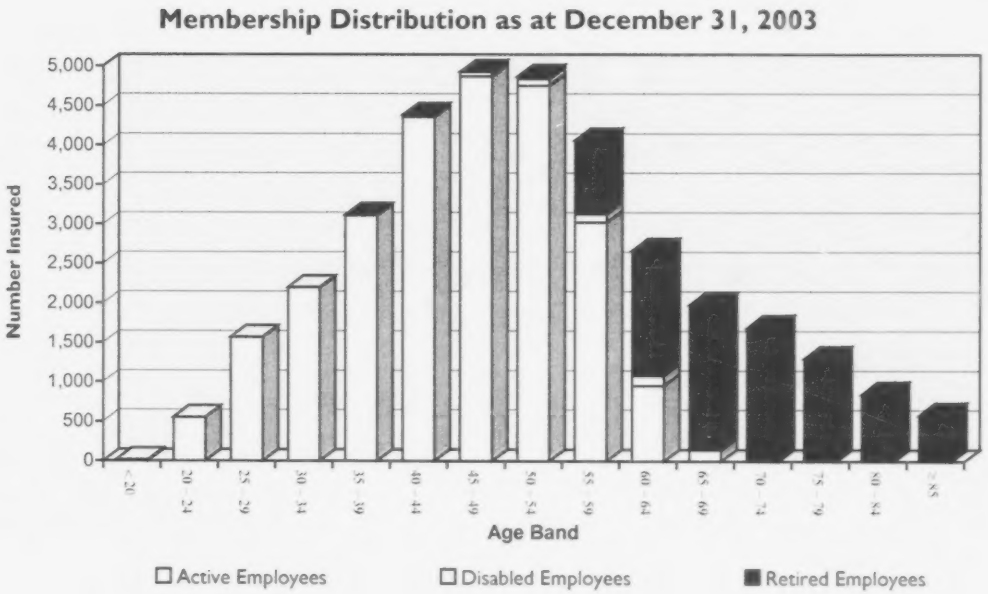
	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives ≥ 55	2,408	57.95	165,795,000	68,900	768,900	0.0046
Actives < 55	11,134	43.71	745,962,000	67,000	-	-
Disableds	239	56.08	11,832,000	49,500	624,400	0.0528
Retireds	2,382	65.06	50,517,000	21,200	632,100	0.0125
Total	16,163	49.16	974,106,000	60,300	2,025,400	-

Dependents' Group Life - 31.12.2000

	[1] Number of Employees	[2] Average Age	Insurance	[3] Average Insurance Amount	[4] Total Liability	[5] Actuarial Factor [4]/[1] x [3]
Actives ≥ 55	1,850	58.00	93,164,200	50,400	385,600	0.0041
Actives < 55	11,345	43.57	537,840,800	47,400	-	-
Disableds	231	55.33	10,350,000	44,800	454,000	0.0439
Retireds	2,001	62.13	40,837,500	20,400	563,100	0.0138
Total	15,427	47.88	682,192,500	44,200	1,402,700	-

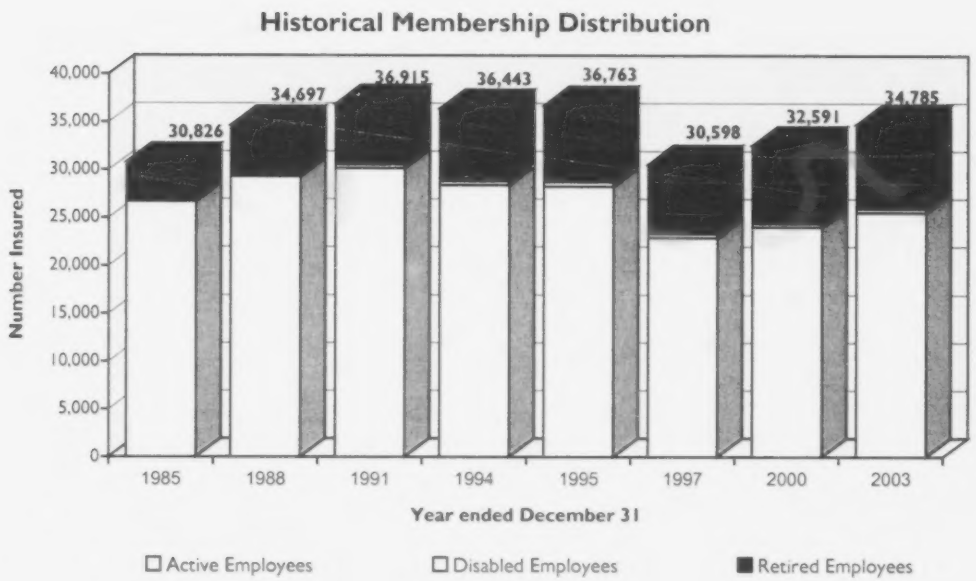
▪ Distribution of Plan Membership

	Employees' Plan			AD&D Plan	Dependents' Plan		
	Active	Disabled	Retired	Active	Active	Disabled	Retired
< 20	15	-	-	15	-	-	-
20 - 24	553	-	-	553	69	-	-
25 - 29	1,566	2	-	1,566	447	-	-
30 - 34	2,196	1	-	2,196	904	-	-
35 - 39	3,110	6	1	3,110	1,595	2	1
40 - 44	4,359	23	3	4,359	2,418	14	1
45 - 49	4,872	51	8	4,872	2,815	28	4
50 - 54	4,751	88	30	4,751	2,886	42	16
55 - 59	3,019	112	933	3,019	1,810	60	396
60 - 64	955	128	1,585	955	534	85	704
65 - 69	145	11	1,826	145	64	8	737
70 - 74	1	-	1,691	1	-	-	405
75 - 79	-	-	1,302	-	-	-	104
80 - 84	-	-	854	-	-	-	14
85 - 89	-	-	427	-	-	-	-
≥ 90	-	-	161	-	-	-	-
Total	25,542	422	8,821	25,542	13,542	239	2,382



- Historical Plan Membership

Year	Active	Disabled	Retired	Total
1985	26,702	219	3,905	30,826
1988	29,298	277	5,122	34,697
1991	30,148	377	6,390	36,915
1994	28,379	399	7,665	36,443
1995	28,251	439	8,073	36,763
1997	22,915	393	7,290	30,598
2000	24,009	391	8,191	32,591
2003	25,542	422	8,821	34,785



7. Benefit Summary

- Employees' Group Life Insurance Plan

Established	May 1, 1960
Last Revised	July 3, 1999
Eligibility	Compulsory if in pension plan.
Insurance Amount	Class 1 - 1 x Salary to $1,000,000 Class 2 - 2 x Salary to $1,000,000 Class 3 - 3 x Salary to $1,000,000 Class 4 - 4 x Salary to $1,000,000 Class 5 - 5 x Salary to $1,000,000 Automatically insured for 5 x salary; may select a lower class.
Reductions Pre-Retirement	Reductions occur on birthdate. No reduction prior to age 65, and reduce in 5-year steps to 75% of active coverage at age 65; 62.5% at age 70, and $3,000 paid-up at age 75.
Reductions Post-Retirement	No reduction prior to age 55. Reduce in 5-year steps to 75% of active unreduced coverage at age 55; 60% at age 60; 40% at age 65, and 15% at age 70, and $3,000 paid-up at age 73.
Contributions	Actives (generally): 23.0¢ monthly per $1,000 of insured coverage Class 1 to 5 (excl. 5th layer) - 72.5% Employee, 27.5% Employer Class 5 (5th layer only) - 100% Employee Disabled - 100% Fund Retireds: 23.0¢ monthly per $1,000 of insured coverage - 100% Employee
Increasing Insurance Amount	Medical evidence required
Approved Leave of Absence or Lay-Off	Insurance optionally continued for a maximum of 4 years.
Waiver of Contributions	Following the later of expiration of sick leave or 6 months. Reserve held by Fund.
Conversion on Termination of Employment	Employees allowed to continue insurance privately (medical evidence not required)

- Accidental Death and Disablement Insurance Plan

Established	July 1, 1974
Last Reviewed	July 3, 1999
Eligibility	Same as Life, excluding Retired Employees.
Insurance Amount	Follows Life Class Selection Class 1 - 1 x Salary to $25,000 Class 2 - 2 x Salary to $50,000 Class 3 to 5 - 3 x Salary to $75,000
Reductions Pre-Retirement	% of Unreduced Insurance Amount

Life	100%
Both Hands	100
Both Feet	100
Sight of Both Eyes	100
One Hand and One Foot	100
Sight of One Eye and Either One Hand or One Foot	100
One Arm	66.67
One Leg	66.67
One Hand	50
One Foot	50
Sight of One Eye	50
Thumb and Index Finger of Same Hand	25

Reductions Post-Retirement	Not applicable (no coverage).
Contributions	100% Employer: 3.43¢ monthly per $1,000 of coverage.
Increasing Insurance Amount	Medical evidence not required.
Approved Leave of Absence or Lay-Off	Insurance optionally continued for a maximum of 4 years.
Waiver of Contributions	Not applicable.
Conversion on Termination of Employment	Not applicable.

- Dependents' Group Life Insurance Plan

Established	May 1, 1962
Last Revised	July 3, 1999
Eligibility	Spouse under age 70, in the Employees' Plan, and/or unmarried children under age 22, or unmarried children who became permanently disabled prior to age 22.
Insurance Amount	1 to 4 units of $15,000 for spouse 1 to 4 units of $3,000 per child
Reductions Pre-Retirement	100% of above Insurance Amount.
Reductions Post-Retirement	50% of above Insurance Amount.
Contributions	100% Employee: 23.2¢ monthly per $1,000 of coverage.
Increasing Insurance Amount	Medical evidence required if units are decreased and later increased.
Approved Leave of Absence or Lay-Off	Insurance optionally continued for a maximum of 4 years.
Waiver of Contributions	Following the later of expiration of sick leave or 6 months. Reserve held by Fund.
Conversion on Termination of Employment	Dependents allowed to continue insurance privately (medical evidence not required).

8. Assumptions & Methodology

- Actuarial Methodology

The liabilities for future disabled employees and future retired employees reflects only those active employees who are age 55 or older at the valuation date (eligible to retire). This protects the Fund from abnormal increases in liability due to events such as voluntary early retirement incentive programs. The contribution rate level is sufficient, on average, to provide for active employees younger than age 55 at the valuation date.

The liabilities for existing retired employees and existing disabled employees have been retained due to the ongoing post-retirement and waiver of contribution coverage which continues to be the responsibility of the Fund. These liabilities may only be eliminated if the participating employees or the employers are willing to assume these responsibilities. Similar liabilities would have to be established by a succeeding insurer if the Fund were ever wound-up.

AD&D Insurance ceases on retirement, disablement, and termination of employment. As a result, no liabilities exist in these situations. Further, prior to retirement, the AD&D contribution rate is, on average, adequate to provide for the insurance protection.

The actuarial methodology indicated above is identical to that used in the 2000 Valuation Report.

- Asset Valuation Method

In the valuation process, it is necessary to determine an appropriate value of the assets of the Fund as well as an appropriate value of the liabilities. The book value or market value of the assets of the Fund on any specific day may or may not accurately reflect the real value of those assets.

As a result, a 5-year market-related asset valuation technique has been continued in this Report. The utilized value of the assets equals the maximum value of the assets, less an asset adjustment or smoothing reserve.

The asset adjustment reserve may be directly computed to be equal to the sum of 80%, 60%, 40%, and 20% of the current calendar year and prior 4 calendar years' investment experience gain/(loss), respectively. This is equivalent to 80% of the last 8 months and 67%, 47%, 27%, and 7% of the prior 4 policy years ending April 30. Details of these calculations are found on page 16.

If over a 5-year period, the actual return on assets equals the assumed rate of return (6.00% per year for this Report), then the asset adjustment reserve is nil.

If the asset adjustment reserve calculation produces a negative reserve (i.e. an asset write-up), then the reserve has been reduced to nil.

- Assumed Rate of Return and Inflation Rate

The Canadian Institute of Actuaries (CIA) publishes economic statistics by asset class generally over the last 50 years or shorter periods if information is not available. Using the information on real rates provided by the CIA for the long-term periods ending December 31, 2002, and updating the indicies to year end December 31, 2003, we have recorded the historical mean rates of return by asset class in the table below. If we could not obtain a rate, we have assumed it to be equal to the valuation rate for the period ending December 31, 2003.

Asset Class	Basis	Historical Mean Real Rate	Asset Class Provision for Adverse Deviation	Estimated Mean Real Rate	Asset Mix Weight 31-Dec-03	Weighted Mean Real Rate
Short-Term	91-day T-Bills	2.54%	(0.98%)	1.56%	14.00%	0.22%
Bonds	Cdn Long Bonds	2.99%	(0.07%)	2.92%	40.00%	1.17%
Canadian Stocks	S&P/TSX	6.05%	(0.05%)	6.00%	26.00%	1.56%
U.S. Stocks	S&P 500 in Cdn$	7.82%	(0.69%)	7.13%	11.00%	0.78%
Int'l Stocks	EAFE in Cdn$	7.24%	0.01%	7.25%	9.00%	0.65%
Best Estimate Asset Real Rate					100.00%	4.38%
Provision for Investment Management Expenses						(0.13%)
Provision for Administration Expenses						(0.14%)
Provision for Adverse Deviation						(0.61%)
Valuation Real Interest Rate						3.50%
Valuation Inflation Rate (CPI)		4.06%	(1.56%)	2.50%		2.50%
Valuation Assumed Rate of Return						6.00%

Lower mean rates have generally been provided for by making downward adjustments to arrive at a best estimate mean real rate. These adjustments were made as follows:

- The 50-year short-term asset class mean was decreased due to recognition of account receivables and payables, and the effect of averaging a number of different 50-year economic periods.
- The 50-year Canada long bond asset class (based on yields used in commuted value basis) was decreased due to recognition that a portion of the bond portfolio is invested in Provincials and Corporates earning higher real rates, and the effect of averaging a number of different 50-year economic periods.
- The 50-year Canadian stock asset class mean uses the S&P/TSX Index as an initial proxy and the effect of averaging a number of different 50-year economic periods.
- The 50-year U.S. stock asset class mean uses the S&P 500 (Cdn$) as an initial proxy and the effect of averaging a number of different 50-year economic periods, less .50% to reflect political and environmental issues.
- The 30-year International asset class mean uses the EAFE International (Cdn$) as an initial proxy plus recognition that this asset class should have an expected mean real return higher than the S&P 500 to compensate for the additional risk off continent.

Once the best estimate mean real rate was obtained for each asset class, it was weighted by 2003 Asset Mix to arrive at the overall rounded best estimate asset mean real rate of 4.38%. This rate was reduced a further .88%, to 3.50%, to allow for investment and administration fees and rounding. The resulting 3.50% valuation real interest rate was added to an assumed valuation inflation rate of 2.50% to arrive at the valuation assumed rate of 6.00%.

- Mortality Rates

  - Employees' Plan – Non-Disabled: The 1989-1991 Canadian Institute of Actuaries Group Life Study indicated, for government services, mortality for reserving purposes would be in the range of 59.83% (male) to 71.77% (female) of the Canadian Basic Group (CBG) Life Mortality Table 1968-72. As a result, for the 2000 Report the mortality rates were reduced from 75% to 67% of CBG Life 1968-72. For this Report, no adjustments have been made to the rates. This 67% table has been used to calculate reserves or liabilities on the Valuation Balance Sheet when below age 55 are excluded.

    For break-even contribution/premium purposes, based on Plan experience, we have maintained the calculation of future contribution and premium rates based on 45% of CBG Life 1968-72. This 45% table has been used in the calculation of the premium as it includes actives below age 55.

  - Employees' Plan – Disabled: If an insured employee becomes disabled, he is eligible for a waiver of contributions. The contributions which the insured employee would otherwise have made are waived up to the earlier of age 65 or recovery. After age 65, contributions resume.

    The value at the date of disability of the future insurance benefits is based upon the full recovery rates and 67% of the mortality rates contained in the 1970 Krieger Group Life Premium-Waiver Table. These rates are based upon the combined experience of 12 major life insurance companies. These rates estimate the likelihood, at each duration of disablement, that an employee who is disabled will recover or die while his insurance is in force. These rates are approximately equal to 380% of the CBG Life 1968-72.

    For this Report, we have used 380% of the CBG Life 1968-72 table for individuals on waiver.

  - AD&D Plan: The mortality rates used here are based on Plan experience developed from studies made of accidental death and disablement claims. These rates include a provision for adverse deviation.

    The existing rates have been continued in use for this Report.

  - Dependents' Plan: The mortality rates were reduced from 75% to 67% of the CBG Life 1968-72, for the 2000 Report, as it is anticipated the mortality experience of dependents will parallel that of the Employees' Plan – Non-Disabled. For this Report, no adjustments to the rates have been made.

- Disability Rates (including recovery) – These are Plan experience developed rates based on studies of those disablements which caused contributions to be waived.

  The existing rates have been continued in use for this Report.

- Actuarial Rates from the Pension Plan

As in prior valuations, the following actuarial assumptions are identical to those used in the most recent valuation of the Civil Service Superannuation Fund as at December 31, 2001 or anticipated to be used as at December 31, 2004.

	2003	2000
Annual Rate of Productivity	.75%	.50%
Annual Rate of General Salary Increases	3.25%	3.50%
Service, Merit and Promotion	actual experience	actual experience (reduced rates)
Retirement Rates	Age 59	actual experience plus caution (rates stop at 65)

- Proportion of employees electing to continue life insurance protection after retirement: 80%. For the 2000 Report, it was assumed that 75% of employees elected to continue life insurance protection after retirement.

- Proportion of active employees having dependent coverage:

	2003	2000
Males	50%	varied by age
Females	30%	

The pensioner file at December 31, 2003 indicated the following:

Category		Males	Females
New retirements	- Total Members	1,008	604
	% with dependents	51.2%	27.3%
Total Pensioners	- Total Members	5,871	2,950
	% with dependents	34.2%	12.6%

- Insurer Retention & Risk Transfer Protection (% of premium)

	2003	2000
Employees' Plan	3.51%	3.76%
AD&D Plan	3.88%	3.88%
Dependents' Plan	2.80%	2.80%

The decrease in the Employees' Plan is mainly due to the decrease of the high pooling charge from .65% to .39%.

- Cost of Administration Reserve

The capitalized value of estimated future expenses (excludes Insurer retention and risk transfer protection charges) due to administration and professional fees for each of the 3 insurance plans for the next 15 years had been reserved on the Valuation Balance Sheets in the past. For this valuation, it was decided to include the provision for expenses in the assumed rate of return.

	2003 Valuation	2000 Valuation
Employees' Plan	net of assumed return	$1,497,900
AD&D Plan	net of assumed return	76,500
Dependents' Plan	net of assumed return	127,800

- Contingency Reserve

The limited underwriting that occurs for group insurance exposes the Fund to anti-selection. In addition, claims fluctuations occur on an annual basis. As a result, margins or provisions for adverse deviation should be maintained to offset such experience. Contingency Reserves to provide for possible future adverse deviations, equal to a portion or multiple of next year's expected premiums, have been established on the Valuation Balance Sheets. The size of the Contingency Reserve is related to the size of the premiums and assets of each Plan relative to the possible claims fluctuations. This reserve provides some assurance that claims fluctuations will not result in an unanticipated contribution rate increase in the near future.

For this Report, the Contingency Reserve is set at 3 standard deviations. In the table below, we have expressed the reserve as a percentage of the annual premium expected to be paid to the Insurer in the next 3 years:

	2003 % of Premium	2000 % of Premium
Employees' Plan	40%	40%
AD&D Plan	91	113
Dependents' Plan	42	56